S.F.W.S. Fishery Leaflet
#544
#544
LIBRARY
FEB 7 1963
FISH & WILDLIFE SERVICE

Report on the

1961 TRANSPORTATION RESEARCH AND SERVICE ACTIVITIES

of the

BUREAU OF COMMERCIAL FISHERIES

Fishery Leaflet 544

CONTENTS

	Page
Introduction	1
Service activities	1
Participation in regulatory proceedings	1
REA rate increases	1
ICC-Docket I&S No. 7622 "Increased express rate on seafood, USA"	2
"Grandfather" proceedings before ICC	2
Negotiations with carriers	3
Research activities	4
Transportation Section staff research	4
Transportation rate indexes	4
Fish meal, scrap, and solubles information on imports	4
Analysis of fresh fish movement from Louisiana	4
Contract research	4
Exempt trucking of fresh and frozen fish and shellfish in interstate commerce	4
Railway Express transportation of fresh and frozen fishery products	5
Transportation of fish meal and fish scrap	5
Ocean transportation of fishery products	5
Summary	5

* * * * * *

ABSTRACT

The Transportation Section of the Bureau of Commercial Fisheries, Branch of Economics, is responsible for conducting the fishery transportation activities for the Department of the Interior. These activities are of two kinds: service and research. Service includes participation in regulatory proceedings and negotiations with carriers. Research covers carriage of fishery products and studies performed by contractors. This leaflet reports these activities for 1961.

UNITED STATES DEPARTMENT OF THE INTERIOR, Stewart L. Udall, *Secretary*

FISH AND WILDLIFE SERVICE, Clarence F. Pautzke, *Commissioner*

BUREAU OF COMMERCIAL FISHERIES, Donald L. McKernan, *Director*

Washington 25, D.C. June 1962

REPORT ON THE 1961 TRANSPORTATION RESEARCH AND SERVICE ACTIVITIES OF THE BUREAU OF COMMERCIAL FISHERIES

by

Carl P. Hoffman, Jr.
and
Donald S. FitzGibbon

INTRODUCTION

The Department of the Interior is required by law[1] to assist the fishing industry in the improvement of transportation facilities and rates for fish and shellfish and products made from them. The Transportation Section of the Bureau of Commercial Fisheries, Branch of Economics, has been assigned the fishery transportation responsibility for the Department of the Interior.

This leaflet outlines the activities of the Transportation Section in 1961. These activities fell into two categories--transportation services and transportation research.

SERVICE ACTIVITIES

The service activities include (1) participation in regulatory proceedings and (2) negotiations with carriers to obtain improvements in transportation rates, services, and facilities for the fishing industry.

Participation in Regulatory Proceedings

Participation in regulatory proceedings includes preparation of complaints and petitions on behalf of the fishing industry and the Department for hearings held by the Interstate Commerce Commission (ICC), Federal Maritime Board, Civil Aeronautics Board, and Federal and State regulatory agencies. The proceedings usually are involved with rates, charges, tariffs, practices, and services.

The following four cases show typical examples of Transportation Section participation in regulatory proceedings.

REA Rate Increases.--The Railway Express Agency, Inc. (REA) requested the ICC for a special order to increase charges on all shipments by 20 cents a shipment, effective January 5, 1961.

As the proposed increase would affect fishery products, the Transportation Section prepared the Department's petition to the ICC requesting suspension and investigation of the increase. In the petition, the Department stated that previous increases, effective September 1, 1959, of 25 cents and 35 cents per hundred pounds (depending on the territorial applications) had caused shippers difficulty in maintaining sales of fresh and frozen fish and shellfish. The Department felt that another increase in shipping costs would further depress sales of these products. It pointed out that great efforts had been made by the industry, assisted by the Department, to inform the public of the nutritive value of fishery products and to encourage use of various types from many originating sources. To provide continuously for a variety of highly perishable products and to maintain their high quality, industry must have a single carrier with widespread, expedited service available at a cost in line with the industry's ability to pay. There was little likelihood that another mode could provide this type of service for present REA users. Unreasonable rates would cause a loss of traffic to the carrier, and the fishing industry (which had already experienced economic difficulties) would suffer even greater hardship.

Note.--Carl P. Hoffman, Jr., *Transportation Economist*, and Donald S. FitzGibbon, *Commodity Industry Analyst*, Branch of Economics, Division of Industrial Research, Bureau of Commercial Fisheries, U.S. Fish and Wildlife Service, Washington, D. C.

[1] The Agricultural Marketing Act of 1946, as amended (7 U.S.C. 1621-27), and pursuant to the Fish and Wildlife Act of 1956 (16 U.S.C. 642e) and Bureau of the Budget determination (23 FR 2304, 3/22/58).

The ICC denied this petition, as well as all other petitions, and gave REA permission to publish the increases. The REA proceeded by filing new tariffs for fishery products, including the 20-cent increase, whereupon the Department requested suspension of the new tariffs. This petition also was denied.

ICC-Docket I&S No. 7622 "Increased Express Rates on Seafood, USA".--REA cancelled the previous fishery tariffs and filed a new consolidated tariff to be effective June 26, 1961, resulting in a 30- to over 100-percent increase on rates for fishery products.

The Department of the Interior, the National Fisheries Institute, and several shippers of fishery products petitioned the ICC to suspend the new tariff and to investigate the reasonableness of the increase. ICC suspended the tariff and instituted an investigation. REA then asked the Department and interested parties to meet with it in order to work out an amicable solution. In several informal meetings, REA presented its need for increased revenue and the shippers stated their views. A compromise was reached.

The compromise included cancellation of re-icing charges--the shippers' view being that charges were made for services not always performed and the carrier's view being that the charges were administratively costly. In making the compromise offer, the carrier offered an "open door" to further negotiations for particular shippers to particular points if rates are not reasonable enough to move the traffic. This possibility for renegotiation would depend on the particular costs to the carrier for the move.

Following the compromise action, ICC dismissed the proceedings and REA issued a new tariff. The resulting net increase in costs to the industry was not severe.

"Grandfather" Proceedings Before ICC.--To assist the fishing industry in maintaining adequate service for less-than-truckload traffic, the Department has participated in several common carrier "grandfather" application proceedings before the ICC.

The Transportation Act of 1958 brought under regulation the shipping of frozen fruits, vegetables, and berries. Although the Act exempts fresh and frozen fishery products from regulation, fish is not exempted if moved in the same truckload with regulated commodities. Those carriers that had participated in this traffic prior to the passage of the Act in 1958, however, were granted "grandfather" rights to continue such carriage and could apply for the rights without making the usual showing of public convenience and necessity for a certificate of operating rights.

Some ICC examiners, in studying these applications, had recommended against the carriers' rights to carry fishery products in the same truckload with frozen fruits, vegetables, and berries. In some cases where a "grandfather" applicant had been denied the right to transport a mixed load, the Department of the Interior intervened on behalf of the fishing industry and took exception to the examiner's recommendations.

Four such proceedings in which the Department participated in 1961 were:

1. Capitol Fish Company Common Carrier "Grandfather" Application (ICC MC-118064): In the Capitol Fish Company proceeding in 1960, the Department of the Interior intervened and took exception to the examiner's report. Division I of the ICC supported the stand of the Department that the carrier should be given rights to transport fish in mixed truckloads with frozen fruits, vegetables, and berries. The applicant appealed to the full Commission for reasons other than the mixed load problem, but reconsideration was denied and the effective date or reinstatement was fixed as August 1, 1961. If a strict interpretation of the Act had denied the right of the carrier to transport a mixture, a principle might have been established that would have reduced the service available to the less-than-truckload shipper.

2. Northwest Fisheries Transportation, Inc. (ICC MC-118410): In the Northwest Fisheries Transportation, Inc., proceeding the Department intervened and took exception because Joint Board No. 5 overlooked in its findings that fishery products were transported in the same truckload with frozen fruits, vegetables, and berries. Division I of the ICC denied the mixture rights because the carrier failed to show conclusive proof that it had hauled fish in mixed truckloads prior to

the critical date of May 1, 1958. In this decision, one of the commissioners dissented and said the carrier's application should be granted in its entirety. The proceeding brought to the attention of other applicants for "grandfather" rights the necessity of proving that they had transported fishery products in mixed truckloads both before and after the critical date.

3. Consolidated Freightways Corporation of Delaware (ICC MC-42487): In the Consolidated Freightways proceeding in 1959, the Department of the Interior intervened and took exception to the examiner's denial of the fishery mixture. On March 21, 1961, Division I of the ICC gave the carrier authority to transport fishery products in the same truckload with frozen fruits, vegetables, and berries.

4. W. W. Hughes (ICC MC-105782 (Sub 4)): In the W. W. Hughes proceeding, a new problem developed for the fishing industry. The examiner concluded that fishery products such as deviled crabs, deviled clams, deviled lobsters, croquettes, and codfish cakes, and any other fish or shellfish products containing nonexempt ingredients (other than those incidental to the cooking process, such as seasonings and breading) were not within the exemption from economic regulation. The Department of the Interior intervened and took exception to the examiner's recommendations (filed June 29, 1961) because the intent of Congress, expressed on the floor during the discussion of the Transportation Act of 1958, was that such prepared products would be exempt from economic regulation. The Department pointed out the colloquy between Senators Smathers and Kennedy as reported in the Congressional Record--Senate for June 11, 1958, at page 10845:

Mr. KENNEDY. Is it the interpretation of the Senator from Florida that the bill attempts to exempt such frozen fisheries products as cod fish cakes, deviled crab, fish with sauce, fish dinners, and similar sea food products, even though they are shown as "not exempt" in ICC ruling No. 107?

Mr. SMATHERS. The answer to that question is in the affirmative, "Yes." It was our intention that the items be exempt. We could not write into the law, Mr. President, all these various items which have seafood in them. If we had, the bill would have had to be longer than some of the tax laws. As best we could, we made reference to these subjects in the report and in the colloquy on the floor. I am very happy to say "Yes," it is our understanding such products would be exempt under the provisions of the bill.

Mr. KENNEDY. In other words, seafoods which are preserved, such as canned or smoked fish, for example, are not exempt, but fresh or frozen seafoods which are perishable are exempt?

Mr. SMATHERS. The answer is "Yes." The factor which governs whether the article is exempt or not exempt is how perishable it is. If the seafood is canned, as is true with respect to some salmon and other fish of that nature, than the item does not need an exemption, because it can be held to await the service of regular carriers. When the food is perishable or in a perishable state, obviously flexibility is needed.

Mr. KENNEDY. I thank the Senator. It will be good news in New England tonight when the word goes out about the cod fish cakes.

In the exception, the Department of the Interior also pointed out that the announced intentions of the framers of the law have been considered by the ICC and the Courts in their interpretation of the law. The Department contended that

Although the Commission has, on numerous occasions, stated that mixing of exempt commodities with nonexempt commodities when transported together in the same motor vehicle destroys the exempt status of the exempt commodities, it should not be construed that the product, per se, should be divided into parts and the status of each ingredient tested. This would be unrealistic and unreasonably burdensome. This would require those who handle the products in interstate commerce to have the knowledge of a food technologist.

The decision in this proceeding is still pending.

Negotiations with Carriers

Although ICC Docket I&S No. 7622, "Increased Express Rates on Seafood, U.S.A.," began in a proceeding, it was dismissed because negotiations were satisfactory. Normally, problems between shippers and carriers are discussed, then proposals are announced publicly by the carriers' rate-making committees. If there is an objection, the rate-making committee will hold a public hearing. Many proposals receive no objections and are automatically published. Any decisions made by the rate-making committee become effective by the publication of the new rates in the tariff.

Many such negotiations took place or were started in 1961. Most of these concerned fish meal rates, some of which resulted from a fish meal rate study that will be discussed later.

An important proposal pending at the close of the year, was to bring the fish meal rates in the Eastern Territory (roughly, east of Chicago and north of the Mason-Dixon Line) in line with the fish

scrap rates and with the meal and scrap rates in other territories.

RESEARCH ACTIVITIES

The research activities of the Transportation Section involve collection and analysis of financial and traffic data and study of the methods used in movement, terminal handling, packing, and storage of fish and shellfish. The work is carried on by the Transportation Section staff, and by other Government agencies and by private firms working under contract.

Transportation Section Staff Research

Transportation economic research is done by the staff and associated contractors to (1) assist in solving current problems, (2) understand the present transportation trends in order to predict what is likely to happen in future transportation of fishery products, and (3) aid in general economic and marketing studies that may be conducted by complementing staffs of the Bureau of Commercial Fisheries.

Transportation Rate Indexes.--One of the useful tools for economic analysis is an index of transportation rates. An index can be used for measuring the changes in average prices paid for the transportation of fishery products and the relation of change to other economic factors in the costs of fishery products.

The Transportation Section revises the transportation rate indexes and periodically brings them up to date. The composite is made up of several series of monthly percentage changes, each series showing point-to-point rates for a particular type of fishery commodity by its most-used mode of transport.

Fish and Wildlife Service Circular 23, Indexes of Transportation Rates for Fishery Products, 1953, explains the indexes. Fish and Wildlife Service Separate No. 621, Indexes of the Costs of Transportation for Fishery Products, brings the indexes up to June 1960. These publications are available upon request from the Office of Information, Fish and Wildlife Service, Department of the Interior, Washington 25, D. C.

Fish Meal, Scrap, and Solubles Information on Imports.--The impact of imports on the domestic product has been significant. Information available from the Bureau of the Census has been limited to total imports. Using the primary information for 1960, the Transportation Section staff has compiled data showing quantity and value of fish, scrap, and solubles by country of origin and customs district of entry. These data have been especially useful in constructing total costs, including delivery of the imported products. The tabulation is available from the Branch of Economics, Bureau of Commercial Fisheries, Department of the Interior, Washington 25, D. C.

Analysis of Fresh Fish Movement from Louisiana.--Louisiana shippers furnished the Transportation Section with data concerning the movement of fresh fish. The Department's Transportation Economist used this information in the REA rate negotiations. Part of the information consisted of express origin-and-destination data for the 6-month period, January through June 1961.

This type of information is useful in developing distribution costs and making sales studies. The usual "yardsticks," such as ton-miles, length of hauls, and unit costs were developed.

Although the Bureau of Commercial Fisheries collects detailed information on catch and wholesale prices, it obtains only a relatively small amount of information on distribution and points of consumption, and then usually on a single-time basis. Except for the Louisiana data, the Bureau has collected no information on origin connected to destination. The Transportation Section is hopeful of obtaining more complete distribution information on a regular basis from other areas. Such information should be useful, not only for negotiations on transportation rates, but for economic and marketing studies and for sales promotions of fishery products.

Contract Research

Four research contracts were in progress during the year. The Transportation Section worked closely with the contractors in the various stages of the work. Objectives were assigned, and methods were suggested for obtaining background information, for reviewing and testing questionnaires, and for writing reports.

Exempt Trucking of Fresh and Frozen Fish and Shellfish in Interstate Commerce.--Eastern Traffic Bureau,

Inc., of New York City, was assigned a study in 1958 on exempt trucking, and their work was completed in 1960. The material submitted by the contractor was revised by the Transportation Section in order to publish a report of general interest. The Section also did additional analytical work. In November 1961 the report was printed as Fish and Wildlife Circular 133.

Railway Express Transportation of Fresh and Frozen Fishery Products.--Eastern Traffic Bureau, Inc., of New York City, was assigned a contract in 1960 to ascertain the importance of railway express transportation service to the fresh fish and shellfish dealers and processors. The study is concerned mainly with value and cost of service rendered, volume handled, and quality of service. The contractor finished a preliminary draft of the report at the end of 1961.

While the work on this report was in progress, REA filed for increased rates. The information already available was helpful in negotiating a compromise with REA. The effects of this compromise will be shown in the report to be published later.

Transportation of Fish Meal and Fish Scrap.--In 1960, the Transportation and Communication Service of the General Services Administration (GSA) was assigned a contract to determine the various rates and services available for the transportation of fish meal and fish scrap from origin to destination points specified by the Transportation Section. In 1961, GSA completed the analysis and suggested recommendations for improvements. The Transportation Section is preparing the report for publication.

In connection with the study, interested members of the transportation industry were sent copies of portions of the railroads' "Uniform Freight Classification" showing all commodities of the same or lower freight classification. Also available were several prepared statements designating the lowest applicable freight rates for domestic and imported fish meal and fish scrap from origin to destination point and from selected ports.

Ocean Transportation of Fishery Products.--The Transportation and Communication Service of GSA was given a contract in the latter part of 1961 to study the ocean transportation of fishery products. Rates and services of imported and exported products as well as the cross trade between foreign countries will be evaluated, and an analysis will be made of the transportation effects on the foreign trade in fishery products.

SUMMARY

This leaflet reports the major 1961 activities of the Transportation Section, Bureau of Commercial Fisheries, to assist the fishing industry in the improvement of transportation facilities and rates for fish and shellfish and products made from them. The activities relate to transportation service and research.

In transportation service, the Section participated in regulatory proceedings and negotiations with carriers. Regulatory proceedings were concerned with the preparation of complaints and petitions concerning rates, charges, and tariffs. The Section aided in a compromise agreement by which the REA adjusted rates and cancelled icing charges for shippers of fishery products. In cases involving the establishment or continuance of "grandfather" rights, the Section, acting for the Department of the Interior, intervened for the shippers and took exception to denials of rights by the ICC. The Section also participated in negotiations with carriers concerning shipping rates, mainly for fish meal.

Research activities involved collection and analysis of financial and traffic data and a study of the methods used in the transporting and storage of fish and shellfish. Indexes of fishery transportation rates were brought up to date and published in Fish and Wildlife Separate No. 621. Statements were prepared showing fishery import information by country of origin and port of import--information which heretofore had been limited to totals. Four research projects were in progress during 1961, and the results of one project were published as the Exempt Trucking Study of Fresh and Frozen Fish and Shellfish in Interstate Commerce, Fish and Wildlife Service Circular 133. Other studies concerning fish meal transportation and export-import transportation will result in publications.

MS #1215

GPO 937519

Created in 1849, the Department of the Interior--America's Department of Natural Resources--is concerned with the management, conservation, and development of the Nation's water, fish, wildlife, mineral, forest, and park and recreational resources. It also has major responsibilities for Indian and Territorial affairs.

As the Nation's principal conservation agency, the Department works to assure that nonrenewable resources are developed and used wisely, that park and recreational resources are conserved for the future, and that renewable resources make their full contribution to the progress, prosperity, and security of the United States--now and in the future.